

# EXHIBITS

## Exhibit 5: Letter to the Mayor, October 19, 1999; Re: (Exhibits 3 and 4)

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Charles C. Maddox, Esq.  
Inspector General



October 19, 1999

The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
One Judiciary Square  
441 4<sup>th</sup> Street, N.W., Suite 1100  
Washington, D.C. 20001

Dear Mayor Williams:

In our continuing effort to alert agency heads of issues requiring immediate attention, I am providing for your information a copy of Management Alert Report (MAR) No. 99-A-001, dated September 24, 1999, issued to the Interim Director, Department of Housing and Community Development (DHCD). This MAR was developed during our ongoing audit of DHCD.

The purpose of the MAR (Enclosure 1) was to inform DHCD that testimony provided to the Committee on Economic Development (the Committee) on June 16, 1999, was inaccurate and incomplete. In addition, DHCD did not respond in a timely manner to a councilmember's request for additional information. The MAR also included recommendations to correct the issues noted.

In response to the MAR (Enclosure 2), DHCD took satisfactory action on recommendation 2, but did not specifically address recommendations 1 and 3. While DHCD took exception to the MAR's characterization of the issues, DHCD in its response disclosed that the information presented in the hearing was not always what was asked and argues that DHCD's definitions of terms used were the reason for some of the issues. In our opinion, information presented to the Committee should be clear and not rely on common terminology that is used in a unique way without providing the unique agency definition. Notwithstanding DHCD's arguments, the information presented to the Committee was open to interpretation and, in our opinion, should have been representative of current conditions and unambiguous. Therefore, DHCD needs to implement the recommendations. A brief summary of the recommendations, the DHCD responses, and the Office of the Inspector General comments are provided in Enclosure 3

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717 14<sup>th</sup> Street, N.W., Washington, D.C. 20005 (202) 727-2540

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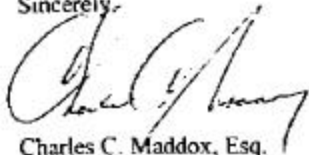
The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
Forward of DHCD MAR. No. 99-A-001  
October 19, 1999

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The Office of the Inspector General tracks audit recommendations until they are completed and resolved. Accordingly, this Office will continue to work with DHCD to resolve the issues presented in the MAR. By copy of this letter, I am requesting DHCD, to reexamine its position on the issues and respond by October 29<sup>th</sup> to recommendations 1 and 3 in the MAR. The response should include actions planned or taken and completion or estimated completion dates.

Should you have questions concerning this matter, please call me at 727-2540 or call John N. Balakos, Assistant Inspector General for Audits, at 727-8279.

Sincerely,



Charles C. Maddox, Esq.  
Inspector General

cc: The Honorable Charlene Drew Jarvis, Chairperson,  
Committee on Economic Development  
The Honorable Sharon Ambrose, Councilmember  
Othello Mahone, Interim Director, DHCD

Enclosures

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The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
Forward of DHCD MAR. No. 99-A-001  
October 19, 1999

### SUMMARY OF THE RECOMMENDATIONS AND RESPONSES AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

**Recommendation 1.a:** We recommended that the Director, Department of Housing and Community Development (DHCD), amend testimony provided on June 16, 1999, to the Committee on Economic Development to set forth the correct amount of administrative subgrants DHCD awarded (including amendments) to each Community Development Corporations (CDC).

**DHCD Response<sup>1</sup>:** DHCD takes issue with the term "award" and contends that the amounts were "... clear, accurate, and complete in terms of what it was represented to be." DHCD also said, "...the Department claimed no more or no less than that the CDC funding data it was presenting to the Committee at the time of the hearing was for the original awards, and in that regard the information was correct."

**Office of the Inspector General (OIG) Comment:** Contrary to the DHCD response, at no time during the hearing, in written or oral testimony, did DHCD characterize the funding as only the amount of original awards. In addition, the auditors asked DHCD months prior to the hearing for all of its grant awards to the CDCs but DHCD still provided only the original amount of awards without the amendments. We believe that the testimony leaves the impression that the amounts presented to the Committee were the total amounts awarded to CDCs for the fiscal years noted. DHCD needs to amend the testimony for clarity, accuracy, and completeness.

**Recommendation 1.b:** We recommended that the Director, DHCD, amend testimony provided on June 16, 1999, to the Committee on Economic Development to set forth the correct amount of U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) funds provided to DHCD in a 2-year period.

**DHCD Response:** DHCD admitted that the testimony included program income, which was not requested, and responded to the Committee with an amount that was for one year only – not the two years requested.

**OIG Comment:** DHCD's response points out that it did not respond correctly. DHCD needs to amend the testimony for clarity, accuracy, and completeness.

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<sup>1</sup> Enclosure 2 contains the complete DHCD response.

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The Honorable Anthony A. Williams  
Mayor of the District of Columbia  
Forward of DHCD MAR. No. 99-A-001  
October 19, 1999

### SUMMARY OF THE RECOMMENDATIONS AND RESPONSES AND OFFICE OF THE INSPECTOR GENERAL COMMENTS

**Recommendation 2.:** We recommended that the Director, DHCD, provide a response to the Committee and councilmembers regarding:

- a. The correct amount and percentages of CDBG funds provided to the CDCs for projects and for administrative purposes and to individual projects (i.e., non-CDC recipients); and
- b. The leveraging requirements and achievements for each CDC in the last 2 years of CDBG funding.

**DHCD Response:** DHCD recently responded to the councilmember who had asked the questions.

**OIG Comment:** Although DHCD eventually responded to the councilmember request (3 months after the date of the hearing), it was only after OIG inquiries about the testimony. However, DHCD's action is responsive and complete.

**Recommendation 3.:** We recommended that the Director, DHCD, establish procedures and controls that will ensure future requests for information by councilmembers and committees are answered in a timely fashion.

**DHCD Response:** DHCD responded that it had a good system in place for responding to councilmembers' questions.

**OIG Comment:** While DHCD indicated its system (procedures and controls) were adequate, we do not agree. In its response, DHCD explained that the person responsible for ensuring timely responses to the Committee was on leave, which resulted in the delay. In our opinion, a 3-month delay because a person was on leave at the time of the hearing is unacceptable. We believe DHCD should reevaluate and revise its procedures to ensure lapses such as the 3-month delay do not recur.

Enclosure 3  
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# EXHIBITS

## Exhibit 6: DHCD's Response to Exhibit 5

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Housing and Community Development**

Othello Mahone  
Interim Director



November 11, 1999

Charles C. Maddox, Esq.  
Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, NW  
Washington, DC 20005

Dear Inspector General Maddox:

It is the desire of the Department of Housing and Community Development to bring the issue of Management Alert Report (MAR) No. 99-A-001 to closure. My staff met with your staff before finalizing our September 28, 1999 response, and they were led to believe the particulars addressed in the response were sufficient to satisfy the inquiry.

I believe the September 28<sup>th</sup> response addressed the major substantive issues raised in the MAR. We could debate whether the information we presented at the hearing on June 16, 1999 is correct or whether the way your staff thinks we should have presented it is correct. We, however, do not believe it is appropriate for DHCD or the Office of the Inspector General to place themselves in the position of attempting to interpret what information would be of most value to City Councilmembers. It has been our experience that Councilmembers are quite prepared to make that decision for themselves and do not hesitate to secure clarifications directly from the Department in areas that concern them.

You state in your October 19, 1999 letter to Mayor Williams that the Department did not address two of the recommendations (#1 and #3) in the MAR. Recommendation #1 would have the Department amend its testimony presented on June 16<sup>th</sup> to the Committee on Economic Development. As I am sure the Inspector General must be aware, it is not possible to amend testimony presented at a Council hearing after the record for that hearing is closed. The hearing record for the June 16<sup>th</sup> hearing closed at 5:30 p.m. on June 18<sup>th</sup>. A copy of the hearing notice is attached for your reference.

Recommendation #3 calls for the revision of DHCD's procedures for responding to Councilmembers' requests for information, to assure that lapses do not occur. DHCD has an excellent record of responding to numerous, ongoing requests for information from the Council. Your office has ignored this fact and instead has chosen to concentrate on a

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single unfortunate isolated incident. Nevertheless, the Department reviewed its procedures for responding to Councilmembers' requests for information as presented in Recommendation #3 and deemed the procedures to be appropriate, as reflected in a record of overall superior performance.

If I may be of further assistance in providing information on MAR No. 99-A-001, please let me know. I may be reached at 442-7210.

Sincerely,



Othello Mahone  
Interim Director

Enclosures:

Public Hearing Notice, June 16, 1999, Committee on Economic Development  
Correspondence to date on MAR No. 99-A-001, as summarized in Inspector  
General's letter dated October 19, 1999.

OM/jn

cc: Mayor Anthony Williams  
Councilmember Charlene Drew Jarvis  
Councilmember Sharon Ambrose  
Roy Simmons, Auditor-in-Charge

# EXHIBITS

## Exhibit 6: DHCD's Response to Exhibit 5

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### **COUNCIL OF THE DISTRICT OF COLUMBIA**

One Judiciary Square  
441 Fourth Street, NW  
Washington, DC 20001

**Notice of Public Hearing**

**REVISED**

**Councilmember Charlene Drew Jarvis,**  
Chair of the Committee on Economic Development,  
announces the continuation of a Public Hearing regarding the following:

**FR 13-172: "Fiscal Year 2000 Action Plan Approval Resolution of 1999."**

**Wednesday, June 16, 1999**

**1:00 PM**

**Council Chamber**

The Proposed Resolution would approve the District of Columbia's use of U.S. Housing and Urban Development entitlement funds for programs such as Community Development Block Grant, HOME Investment Partnerships, Emergency Shelter Grants and Housing Opportunities for Persons with HIV/AIDS. The Proposed Resolution would also approve the Application for the Designation of Georgia Avenue as a Neighborhood Revitalization Strategy Area.

The continuation of a public hearing on June 2nd is occurring on June 16th in order to determine what additional actions, if any, the Council's Committee on Economic Development, or the Mayor, should be taking in order to respond with federal funding to community development needs. This revised notice is published because of a time change. The Committee extends an invitation to all persons and representatives of organizations and businesses interested in this subject, and is especially interested to hear testimony regarding the Neighborhood Development Assistance Program (NDAP), which funds the Community Development Corporations, and the Housing Opportunities for Persons with HIV/AIDS (HOPWA) Program.

A copy of the Proposed Resolution and DRAFT Action Plan for Fiscal Year 2000 may be obtained from Legislative Services in Room 714 or by calling 724-8050. Individuals interested in offering testimony at this roundtable should register their names and organizational affiliation (if any) with John McGaw, Committee Clerk, by telephone (202) 724-8152 or fax (202) 724-8120, no later than 5:00 PM, Monday, June 14, 1999.

Persons representing organizations will be permitted a maximum of 10 minutes for oral presentations; individuals will be permitted a maximum of 5 minutes for their presentations. Each person registered to give oral testimony should bring 15 copies of a written statement to the roundtable. Persons unable to give oral testimony may wish to enter statements for the record. Statements must be submitted to the Committee on Economic Development, Room 708, 441 Fourth Street, N.W. Washington D.C. 20001, no later than 5:30 PM, Friday, June 18, 1999.